

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN STEVE VICK**, on January 30, 2001 at 3:00 P.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Steve Vick, Chairman (R)
Rep. Matt McCann, Vice Chairman (D)
Rep. John Brueggeman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Rep. Tim Callahan (D)
Rep. Edith Clark (R)
Rep. Bob Davies (R)
Rep. Stanley Fisher (R)
Rep. Dick Haines (R)
Rep. Joey Jayne (D)
Rep. Dave Kasten (R)
Rep. Christine Kaufmann (D)
Rep. Monica Lindeen (D)
Rep. Jeff Pattison (R)
Rep. Art Peterson (R)
Rep. Joe Tropila (D)

Members Excused: Rep. Dave Lewis, Vice Chairman (R)
Rep. John Witt (R)

Members Absent: None.

Staff Present: Paula Broadhurst, Committee Secretary
Taryn Purdy, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 38 HB 32, 1/28/2001
Executive Action: HB 73

HEARING ON HB 38

SPONSOR: Rep. Trudi Schmidt, HD 42, Great Falls

PROPONENTS: Peggy Beltrone, Cascade County; Eileen Champagne, Cascade County; John Blacker, Montana Department of Transportation; Steve Turkiewicz, Montana Auto Dealers Association; Betty Whiting, Montana Association of Churches; Sharon Hoff-Brodowy, Montana Catholic Conference; Hank Hudson, Department of Health and Human Services

OPPONENTS: None.

INFORMATIONAL WITNESS: None.

OPENING STATEMENT BY SPONSOR:

Rep. Trudi Schmidt, HD 42, Great Falls introduced HB 38. She commented that the bill is for the purpose of providing cars that have been well taken care of to people who are on TANF.

PROPONENTS:

Sen. Mignon Waterman, SD 26, Helena, stated that this is a bipartisan effort and an excellent proposal to move people off of welfare. She talked about how important a car is in Montana and for the families that need the help to get to and from work and picking up families from day care, etc..

Gay Ann Masolo, HD 40, Townsend, commented that the criteria of this bill teaches responsibility as far as having to continue employment throughout the life of the vehicle, they must share in the cost and also will have to buy and maintain auto insurance.

Sharon Hoff-Brodowy, Montana Catholic Conference, stood in support of HB 38 and told a personal story about her experience of needing a vehicle to maintain a job.

Betty Whiting, Montana Association of Churches, stated that they support HB 38 and how it helps families to buy vehicles on credit and establish a good credit rating.

Steve Turkiewicz, Montana Auto Dealers Association, commented that the underlying philosophy of this bill will allow people to gain work experience, develop responsibility, develop self sufficiency and work themselves into being one of their customers.

Hank Hudson, Department of Health and Human Services, stated the transportation is a lot of the problem for FAIM participants and has been a barrier for them. He stated that the money to pay for this program is already included in their FAIM II Proposal.

{Tape : 1; Side : A; Approx. Time Counter : 12}

John Blacker, Department of Transportation, commented about the reliability of the vehicles. He stated that his department tries to sell vehicles with around 85 to 90 thousand miles and when they sell them the residual value, because they are not junked out, goes back into their proprietary account to buy new vehicles and they get a pretty good return on them when they do so. He stated that they rotate out around 125 to 130 passenger vehicles, between the motor pool and equipment for highway only vehicles. He stated that a number of vehicles will still go out to auctions through the Department of Administration and that all the vehicles that they sell are by statute, surplus through the Department of Administration and they sell them. He stated that the reliability of them is well founded as they are on regular service and maintenance schedules and most of the miles are highway miles.

Ilene Champagne, Cascade County, commented that she is a single mother and how this bill would allow her the opportunity to go to college, transport her son to school and get to her job.

Peggy Beltrone, Great Falls County Commissioner, stated that this bill will help many individuals like Ilene Champagne, that face transportation barriers.

OPPONENTS: None.

INFORMATIONAL WITNESS: None.

QUESTIONS FROM THE COMMITTEE MEMBERS AND RESPONSES:

Rep. Kasten asked about liability and insurance and how it would be handled.

{Tape : 1; Side : A; Approx. Time Counter : 18.4}

Hank Hudson answered that the Department of Administration would transfer the cars to non-profit corporations who would operate the sales of the cars to the FAIM participants and that one of the requirements is that anyone who purchases a car would be responsible for the appropriate insurance and liability insurance and are not allowed to keep the car if the insurance was not being kept up. He stated that through this neither the

Department of Administration or The State of Montana would retain any liability.

Rep. McCann asked if the FAIM Phase II dollars were not used for this program, how would they be used.

Hank Hudson answered that they set aside an amount for transportation and that if they did not have these vehicles to purchase they would use the monies for local transportation strategies. He stated that they hadn't had a lot of luck with mass transportation although they leave it open to maintenance or use of vans. He commented that most communities are interested in the purchase of vehicles and assisting people to do so and that if they didn't keep the money in the transportation area, there is no shortage of demands on the TANF dollars within FAIM Phase II and outside of FAIM Phase II that would probably be used for additional employment and training. He stated that there isn't a priority that is any higher than the transportation issue within the FAIM Phase II.

Rep. McCann asked for an example of the non-profit that would receive the cars.

Hank Hudson answered that one non-profit that is currently operating a program like this is called Community Gate in Glendive. They also use HDRC in Billings to operate another program that assists FAIM participants in purchasing cars.

Rep. McCann asked how many participants do they have eligible to use these cars.

Hank Hudson answered that they have around 4600 people on the cash part of FAIM and that twenty percent of them have serious transportation problems and that they would offer it also to people who had recently left public assistance who are at risk of coming back on.

{Tape : 1; Side : A; Approx. Time Counter : 23.3}

Rep. Pattison asked about the people who are getting these vehicles with 85-95 thousand miles on them and have or are still getting maintenance and are very reliable, how many more miles will the cars be able to travel without major significant cost.

John Blacker answered that depends on the kind of treatment they are given and maintenance and care, that they should be able to get at least between 150-170 thousand range on the vehicles.

Rep. Pattison asked why then, in subcommittees they have departments coming in and saying that because the vehicles are close to 100,000 miles, their cars are no longer reliable and they have to be upgraded to new cars. Mr. Blacker is telling him they would be able to get about another 70,000 miles out of these vehicles after they reach 100,000 miles.

John Blacker answered that he can't speak for the other agencies but the Department of Transportation, which does supply motor pool vehicles, and a number of the state agencies have lease programs with them. The fact that they do sell vehicles with around 85-90 thousand miles on them is an accounting issue with getting back residual value. When they can sell a vehicle which is paid for through the proprietary account and have gotten the money back out of it and then turn around to keep the rental rates associated with that proprietary account down. The obvious part he stated, that kept people into the motor pool was in fact that some state agencies were running their vehicles 150-175 thousand miles without a scheduled maintenance program in place and that it did become a safety issue. He spoke for the Department of Transportation and not the other agencies, that their turnaround with vehicles is that the vehicle is still a safe vehicle and they don't wait until the wheels are falling off of them and expect people to drive them. He stated that he is fairly confident that there are between 150-170 thousand miles in the vehicles if they have been given the proper care. He also stated that that is a shot in the dark because sometimes you get a brand new vehicle and it will be a lemon from day one but in most cases it works out.

Rep. Kauffman asked about the amendment on Line 15.

Rep. Schmidt stated that it looks at the whole motor pool not just the cars coming out of the Department of Transportation.

Rep. Kauffman re-referred her question to the Department of Transportation.

John Blacker stated that all state vehicles go through the Department of Administration for resale. He stated that with this amendment it will define that it will be a larger group of vehicles to choose from that are affordable within the TANF program.

Rep. Kauffman asked if the amendment that was put on by the State Administration was taken off if that would satisfy the current amendment.

Rep. Vick asked if they sell all vehicles for residual value.

John Blacker answered that the majority of the cars they put out go to a public auction through the Department of Administration and so they usually get more than residual value.

Rep. Vick asked if there could possibly be a cost to the Department of Transportation that is not showing up on the current fiscal note.

John Blacker answered that there could be but that the other part that is available through the Department of Administration allows other public entities to purchase vehicles through sealed bids. He stated that the sealed bid process usually comes out as residual value purchases.

Rep. Haines asked if the vehicles, when they leave his premises, if they have any last minute tune-ups or updating of tires.

John Blacker answered that usually when they come in, they come in as is and they usually don't do any type of last minute tune-ups nor do they strip them down, and they sell them as is.

Rep. Haines asked if the candidates for these vehicles have the means for new batteries, new tires, and tune-ups as needed, and what happens if a car that age has a major breakdown. Are these things being looked at when they look at candidates that may buy one of these vehicles.

Rep. Schmidt answered that when a person on TANF receives a car through this means, then they are responsible for the upkeep. The non-profits they are working with are the ones managing it for them, so they know when they get the car they are responsible for the payment, and getting the insurance. The non-profit is educating them and helping them through that situation by teaching them to manage their money so they learn how to maintain their car, etc..

Rep. Haines asked if major repair was needed, which could possibly be a significant cost, how are these people going to maintain that aspect of owning a car.

Rep. Schmidt answered that these cars are well maintained and that the non-profits are working with people to help them maintain the car. These cars are better than the ones they may buy from someone else, because they have a maintenance record with them.

{Tape : 1; Side : B; Approx. Time Counter : 3}

Rep. Haines stated that it is a case of maintenance and that if something significant goes wrong, it is a sizable blow if you also have a car payment and car insurance to make. He stated that what she is telling him is not very reassuring. He stated that he likes the idea but is not sure it is being thought through all the way.

Rep. Schmidt answered that her impression is that it is being thought through and that the non-profits will have a residual fund to help these people out. She also stated that it has been tried in other states and is working very well and she figured these issues had been addressed.

Rep. Davies asked how the 75% residual he talked about on the vehicles relates to the ADA book price as a general rule.

John Blacker answered that the residual value is associated more with the ADA book as trade in value than resale value.

Rep. Davies asked if at the auction the ADA price is what governs what they get as wholesale value on these vehicles.

John Blacker answered, what he thinks governs the price is people getting caught up in the competition of the bid, and it also goes by how many vehicles they have and what kind of market they have for them.

Rep. Davies asked if the state will wind of subsidizing these vehicles at all which will be a lost resource for the state.

John Blacker answered that is a possibility and that in the open market you might get more money for them but not as likely if you had just a few cars.

{Tape : 1; Side : B; Approx. Time Counter : 12.5}

Rep. Fisher asked what the average income is for a TANF participant.

Hank Hudson estimated that they live on between 8 and 10 thousand dollars or it could be less.

Rep. Fisher asked if that is what they make with the money they receive from the government and the wages they make.

Hank Hudson answered that another way of looking at it is that if you were receiving food stamps, medicaid and energy assistance, you would probably be making between 10 and 12 thousand dollars if you counted all those benefits.

Rep. Fisher asked if they pay taxes on that amount.

Hank Hudson answered that the figure is for a family who has no earned income. If they worked half time at minimum wage they could get up to 12 thousand and would receive an earned income tax credit from the government.

Rep. Fisher asked if the income they make outside of TANF is above the 8 to 10 thousand dollars he spoke of earlier.

Hank Hudson answered that the most they could get from TANF is around 5 thousand dollars a year and then if you add the values of childcare, food stamps, medicaid, and low energy assistance and if they do go out and work then they keep that amount of money and their TANF grant is reduced but is not reduced dollar per dollar as they disregard some of income as an incentive to work.

Rep. Clark asked if he had some information that would answer Rep. Haines earlier question.

Hank Hudson answered that he did want to explain that part of the philosophy for welfare reform is to sit down with the client to see if they have been working. If they are going to need welfare much longer. If they need some repairs on the car they have or some new tires or they need to get their drivers license back. The theme of welfare reform is to do what it takes to get people working and keep them working.

Rep. Vick asked if the TANF funds will be used for daycare and what are the limits on the TANF fund.

Hank Hudson answered childcare is one of the uses of TANF funds and they make the maximum transfer from TANF into childcare that the law allows and childcare is one of the larger users of the TANF fund.

Rep. Buzzas asked if funding this bill would put more money back into transportation.

Hank Hudson stated that they are going to make the maximum transfer of funds to childcare and this bill will not reduce the childcare at all.

Rep. Jayne asked about the repossession law becoming quite complicated.

Hank Hudson stated the responsibility is that of the non-profit corporation stated that there are some jurisdictional issues on

reservations involving which jurisdiction and any contractor that they enter into agreement with would have to address to the best of their ability how they would handle repossession and that on reservations they would have to have the ability to go to tribal court.

Rep. Jayne said that she wasn't directly talking about Reservations but rather, the state repossession laws can become very complicated, and there are already existing state repossession laws. Will be particular repossession laws for the non-profit corporations or will they go by the state repossession laws.

Hank Hudson agreed and assumed that any contract giver would follow the laws that exist. One of the conditions when entering into this agreement is to take repossession of the vehicle if payments are not made or conditions are not followed.

Rep. McCann asked how they are going to divide up the money to the non-profits to spread across the state.

Hank Hudson stated that they have operated some pilot projects to see how the system works. From these they have discovered that a transportation program will be available to every county in the state, and will make the money available for these counties with the help of a formula based on caseload. Where the cars go that are dealt with in this bill will be on a first come first go basis.

Rep. McCann asked why these people don't have to be successful at their job, then get a vehicle.

Hank Hudson answered that the reason the language is written the way it is, is because each person has a different set of circumstances.

Rep. Schmidt closed on HB 38.

{Tape : 1; Side : A; Approx. Time Counter : 21.5}

HEARING ON HB 32

SPONSOR: Bob Lawson, HD 80, Whitefish.

PROPONENTS: Lance Melton, Montana School Board Association; Inga Nelson, Montana Education Association, Montana Federation of Teachers; Bill Cooper, Office of Public Instruction; Lynda

Brannon, Indian Impact Schools of Montana, Montana Association of School Business Officials; Dave Parker, Special Services Director, Kalispell School District 5; Davy Puyer, Montana Rural Education Association.

OPPONENTS: None.

INFORMATIONAL WITNESS: None.

OPENING STATEMENT BY SPONSOR: Rep. Lawson, HD 80 Whitefish, introduced HB 32. He also had the committee look at the fiscal note and the amendments made to the bill.

PROPONENTS:

Lance Melton, Montana School Board Association, stated that the statistics on dropout rates are clear and convincing that people with a high school diploma are more capable of earning a living and staying out of trouble, and less likely to live on public assistance programs. He went over the fiscal note with the committee explaining the impact. He stated that it is an important ideal for public education to do what it can to assist in economic development.

Inga Nelson, Montana Education Association, Montana Federation of Teachers, stated that this bill passed the house floor by a wide margin and that the committee should follow the intent of the House and pass this bill.

Bill Cooper, Office of Public Instruction, commented that there have been several bills introduced this session with the purpose of providing districts the means and flexibility to reach out to more and more children and this bill is an example of that.

Lynda Brannon, Indian Impact Schools of Montana, Montana Association of School Business Officials, stated that these students should be allowed back in, and that funding this bill is cheaper than funding them in state prison for a year.

Dave Parker, Special Services Director, Kalispell School District 5, commented that this issue is a non-partisan one in his community and that 20% of the students in the Flathead Valley don't have a high school diploma. He stated that this bill helps kids to try to earn their high school diploma. The earning power, standard of living, and quality of life all improve when this happens.

Dave Puyer, Montana Rural Education Association, stated that they support this bill also.

OPPONENTS: None.

INFORMATIONAL WITNESS: None.

{Tape : 2; Side : A; Approx. Time Counter : 9}

QUESTIONS FROM THE COMMITTEE AND ANSWERS:

Rep. Buzzas asked if the fiscal note will be substantially less than shown.

Rep. Lawson stated that it could be lower than what is projected because they are still looking at the 19-22 year olds and that he has no control over how many students will be coming back.

Rep. Kasten asked about the decreasing of Average Number Belonging and how long it has been going on.

Lance Melton answered that it has been decreasing since about 1996, and is projected to decline into 2013 based upon the present years birth rate.

Rep. Kasten asked if the state has increased this funding substantially.

Lance Melton answered that the first time the state increased inflation on a per-pupil basis, to the extent that it matched inflation or beat it, is the present year in the last decade.

Rep. Kasten asked if, in the Governors Budget, there was an increase of about 14 ½ FTEs in the Office of Public Instruction.

Bill Cooper answered that was correct.

Rep. Kasten stated that he felt that every time they put a FTE into the Office of Public Instruction it puts more paperwork in front of the teachers and educators because each person at OPI has to qualify their existence. He then asked if there any way to do this bill without looking at the General Fund.

Bill Cooper answered that no there was not.

Rep. Vick asked if schools are not allowed to enroll somebody that is over age 19 now, or do they just not get money if they enroll anyone over 19.

Rep. Lawson answered that this bill aimed at the student to be there, but that funding would not follow.

Rep. Vick asked if, under the current law, a 21 year old can be in school or not.

Rep. Lawson stated that the Chairman was correct and referred the question to Bill Cooper.

Bill Cooper answered that a 21 year old could be enrolled in any school in Montana that a board chose to enroll but they would not receive state funds.

Rep. Vick asked if the current enrollment practices are at the discretion of the board once students are over 19.

Bill Cooper answered that was correct.

Rep. Vick asked if someone turned 21 on Sept. 9th, would they be able to attend the entire school year as a 21 year old and would the school receive ANB for it.

Bill Cooper answered that was correct.

CLOSING BY SPONSOR:

Rep. Lawson closed on HB 32.

{Tape : 2; Side : A; Approx. Time Counter : 18.6}

MOTION:

Rep. Peterson moved do pass on HB 73.

DISCUSSION:

Taryn Purdy explained the amendment to the committee.

MOTION:

Rep. Buzzas moved do pass on the amendment.

DISCUSSION ON AMENDMENT:

Rep. Tropila asked about the committee.

Taryn Purdy answered that committee is defined in the bill as Business and Labor Committee.

VOTE: Motion carried 18-0.

DISCUSSION ON BILL AS AMENDED:

Rep. Buzzas asked what the termination of the bill is.

Rep. Vick stated to look at page 6, line 10.

Rep. Kauffman stated that her concern about the bill was that it is narrowed down so only certain programs will do this cost accounting, which she agreed was a good move, but that they stated it would cost nothing for those programs to do it, and the fiscal note is zero, but the bill which is about full cost accounting. She stated that they are ignoring obvious expenses that some programs are going to have, such as revising systems, entering data differently, and recording things differently. This is a bill for full cost accounting yet they don't take in full cost for the bill.

Rep. Clark commented that these selected programs have said that they are already set up to do this kind of reporting, therefore it would not cost them to do the recording. They have the data available but other programs would have to bring forth to do the data and that they didn't want to have to start doing that. These selected programs have the availability of the data to put out.

MOTION:

Rep. McCann moved do pass on the technical amendment.

DISCUSSION OF TECHNICAL AMENDMENT:

Taryn Purdy explained the technical amendment to the committee and stated that it was brought forward by the sponsor.

VOTE: The motion carried 18-0.

MOTION:

Rep. Lindeen moved the bill do pass as amended.

DISCUSSION ON BILL AS AMENDED:

Rep. McCann stated that the point of this bill is to bring accountability as to what it costs to run a department and what the private sector is. He supports going through the cost of full cost accounting, but he doesn't want to lose sight of the two programs and is concerned that that might happen.

Rep. Vick stated that this bill sunsets before the Legislature meets again and there will be another opportunity to look at it and that he could not see a drawback to understanding the full cost to run a program.

Rep. Buzzas stated that these agencies volunteered to go through this process.

QUESTION IS CALLED FOR BY REP. TROPILA

VOTE: The motion carried 17-1 with Rep. Kauffman voting no.

ADJOURNMENT

Adjournment: 4:43 P.M.

REP. STEVE VICK, Chairman

PAULA BROADHURST, Secretary

SV/PB

EXHIBIT (aph24aad)